

# MUNICIPALITY OF ANCHORAGE



## ASSEMBLY MEMORANDUM

No. AM 851-2024

Meeting Date: October 22, 2024

1 **From: Assembly Vice Chair Zaletel and Assembly Member Brawley**

2  
3 **Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY AMENDING**  
4 **ANCHORAGE MUNICIPAL CODE TITLE 21 TO REDUCE THE**  
5 **COSTS AND BURDEN OF MULTIFAMILY RESIDENTIAL**  
6 **DEVELOPMENTS BY SUSPENDING THE RESIDENTIAL DESIGN**  
7 **STANDARDS FOR DEVELOPMENT APPLICATIONS SUBMITTED**  
8 **WITHIN A TIME CERTAIN.**  
9

10 This proposed ordinance places a moratorium on Title 21 residential design  
11 standards that apply to multifamily (5 or more dwelling units) housing developments  
12 as defined in portions of AMC section 21.07.110, for a limited time (2 years). The  
13 objective is to catalyze development and construction of new multifamily housing  
14 projects, as well as renovation of existing multifamily properties, so the market and  
15 property owners can more quickly and easily respond to the community's acute  
16 need for housing. By relaxing design specifications, architects and developers can  
17 be creative during this limited period, with designs that do not need to follow the  
18 prescriptive, detailed standards in Code today, but can still result in building  
19 attractive places.  
20

### 21 ***Pause Design Standards to Encourage Novel Designs***

22 The moratorium encourages innovation and accelerating the process for permitting  
23 new multifamily housing structures by *temporarily* eliminating the residential design  
24 standards for multifamily development permits. Many standards in AMC subsection  
25 21.07.110C., *Standards for multifamily and townhouse residential*, were established  
26 for purposes of aesthetics, functionality, or consistency with the neighborhood  
27 character. In practice, these regulations lengthen the time and complicate the  
28 approval process for architects and designers, and require time-consuming plan  
29 reviews by municipal staff. For small infill sites and properties with physical design  
30 challenges, these rules can make a site economically infeasible to develop as  
31 attached multifamily housing, if the project cannot be designed to meet the  
32 standards within the property's footprint, and also perform as an income-generating  
33 real estate venture, whether the units are intended for sale or rental.  
34

35 By allowing developers and architects more freedom in the design choices for their  
36 projects, this novel approach will likely produce significantly different designs than  
37 what the current standards require. However, a moratorium on the requirements in  
38 AMC subsection 21.07.110C. does not remove any of the dimensional standards,  
39 such as height, bulk, or setbacks set out in Chapter 21.06. It also does not change  
40 requirements for subdivision design, right of way design, driveway design, or any  
41 rules in building code (Title 23). Developers and designers can continue to utilize  
42 the paused code as guidelines, and voluntarily utilize any portion of code that will

1 enhance the functionality and aesthetic value of the project.

2  
3 If this approach catalyzes an increase in permits issued and dwelling units  
4 constructed, this benefit may justify prolonging the moratorium on residential design  
5 standards. The Assembly should monitor the effects of this ordinance, if approved,  
6 and take action in the future accordingly. Section 3 requires a report to the Assembly  
7 near the end of each permitting/construction season and after the 2-year moratorium  
8 period to facilitate this oversight and consideration of extending the suspension, and  
9 to inform future code changes.

10  
11 ***Pausing Standards Aligns with Concurrent Work on Title 21 Improvements***

12 This moratorium does not preclude further work on Title 21 improvements: in fact,  
13 having a new set of projects and designs under a more flexible regulatory framework  
14 will offer a natural testing environment to inform revisions to standards, to make  
15 them effective and feasible. If developers continue to adhere to some or many of  
16 the rules, it will help isolate which standards cause the most practical challenges. If  
17 projects meet all other code requirements but would not be compatible with  
18 residential design standards, this will suggest significant revision is needed to make  
19 them valuable and practical. If a significant revision of Chapter 21.07 is determined  
20 to be needed, it can be worked on within the moratorium period, and move through  
21 the review process concurrently.

22  
23 Specifically, this moratorium is intended to be compatible with a separate project to  
24 review portions of AMC Chapter 21.07, commonly referred to as “Site Access and  
25 Pedestrian Frontage Standards,” which went into effect in January 2024, but were  
26 partially suspended from Title 21 until November 2025. A working group is intending  
27 to produce a revised version of that code for Assembly adoption in spring 2025; this  
28 moratorium could be adjusted to either continue suspending those portions of code  
29 during the same period, or to exclude that new code section from the moratorium,  
30 so it applies to future projects.

31  
32 ***When and How Residential Design Standards Were Created***

33 Most of these rules were put in place during the Title 21 Rewrite (2002-2012, took  
34 effect in 2014), after extensive community debate, and multiple revisions that either  
35 increased or reduced the level of regulation on multifamily residential property  
36 (apartments, townhouses, and condominiums). This debate turned into two  
37 competing versions of the draft zoning code, as the community attempted to balance  
38 the desire for quality, aesthetically-pleasing development, with preserving property  
39 owners’ ability to design and use their property in ways that are economically viable  
40 and feasible to develop, and avoid causing significant disruption to the real estate  
41 market. At the center of the debate was a significant negative reaction to prior  
42 decades of development in the Municipality, especially the construction boom of the  
43 1970s and early 1980s, which produced over half of Anchorage’s current housing  
44 stock, but also many projects that were built quickly, in some cases substandard,  
45 and considered to be not aesthetically pleasing. In particular, residents described  
46 attached and rental housing as the problem: apartments, townhouses, and  
47 condominiums.

1 The Title 21 Rewrite was originally an implementation action of the *Anchorage 2020*  
2 Comprehensive Plan, which included a number of housing-related policy goals such  
3 as encouraging compact and small-lot housing, building a diversity of housing types,  
4 and generally adopting policies consistent with the “Urban Transition” preferred  
5 scenario. The plan also called for stricter residential design standards, and  
6 requirements on new development to be compatible and in scale with current  
7 buildings. Much of the Rewrite’s focus ultimately became creation of multifamily  
8 residential design standards that apply to any project with 3 or more units, including  
9 attached single-family housing.<sup>1</sup>

10  
11 A 2008 analysis by the Planning Department of the draft Title 21 rewrite, and how  
12 the draft implements the Comprehensive Plan, describes a number of housing-  
13 related policies and whether the zoning changes meet these goals. The analysis of  
14 several policies, with an example in Figure 1, was essentially the same: the draft  
15 code thoroughly addressed restrictive policies such as design standards, but took  
16 no action on other pro-housing policies such as inclusionary zoning or small-lot  
17 housing, and incentivized affordable housing only in some zoning districts “with  
18 design standards,” and allowing manufactured housing “as long as certain design  
19 standards are met.” The community’s priorities were, both through selective  
20 implementation of the plan’s policies and a focus on placing additional restrictions  
21 on multifamily development, to spend more time and energy on making  
22 development more difficult, rather than proactively allowing denser and more  
23 compact housing by right, without additional design requirements that are based on  
24 aesthetic preferences.

25  
26 *Figure 1. Implementation Analysis of Draft Rewrite, Policy 16 (page 10)*<sup>2</sup>

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<sup>1</sup> Planning Department, “Analysis of How the Title 21 Rewrite Public Hearing Draft Implements the Policies and Strategies of Anchorage 2020: Anchorage Bowl Comprehensive Plan,” May 7, 2008.  
<https://www.muni.org/Departments/OCPD/Planning/Projects/Documents/Analysis-T21-2020.pdf> (accessed October 17, 2024)

<sup>2</sup> Same as above.

Policy	Strategy	Implementation
<b>Policy 16:</b> Adopt standards to ensure that new residential development provides for a variety of lot sizes and housing types for a range of households and age groups. (Residential)		Some residential zoning districts allow only a limited type of housing, such as only detached single family homes, or just single- and two-family. Certain residential zoning districts, such as the (proposed) R-2F, R-2M, and R-3 allow a mix of dwelling types (single-family detached, two-family, various types of multifamily) with design standards. There are no requirements for a subdivision to provide a variety of lot sizes or housing types.
	*Inclusionary Zoning	Inclusionary Zoning is not addressed in the code rewrite.
	*Design Standards	Design standards for residential, commercial, and mixed-use development are proposed in the code rewrite. Most site and building design standards are found in chapter 21.07 of the rewrite.
	*Accessory Units	Standards for accessory dwelling units were adopted in 2003, and all residential zones except for the R-1 and R-1A allow accessory dwelling units. The standards can be found in section 21.05.070 of the rewrite.
	Affordable Housing	This strategy will be implemented through a variety of means, including some unrelated to Title 21. The rewrite encourages affordable housing by offering density bonuses for providing affordable housing units, in certain zoning districts. The rewrite also removes some barriers to affordable housing by lowering parking requirements for multifamily housing and allowing manufactured housing wherever site-built housing is allowed, as long as certain design standards are met.
	Small-Lot Housing	Small-Lot Housing can be created through a Conservation Subdivision (21.08.070), but no by-right standards for small-lot housing have yet been developed.

**Impacts of Residential Design Standards on Multifamily Development**

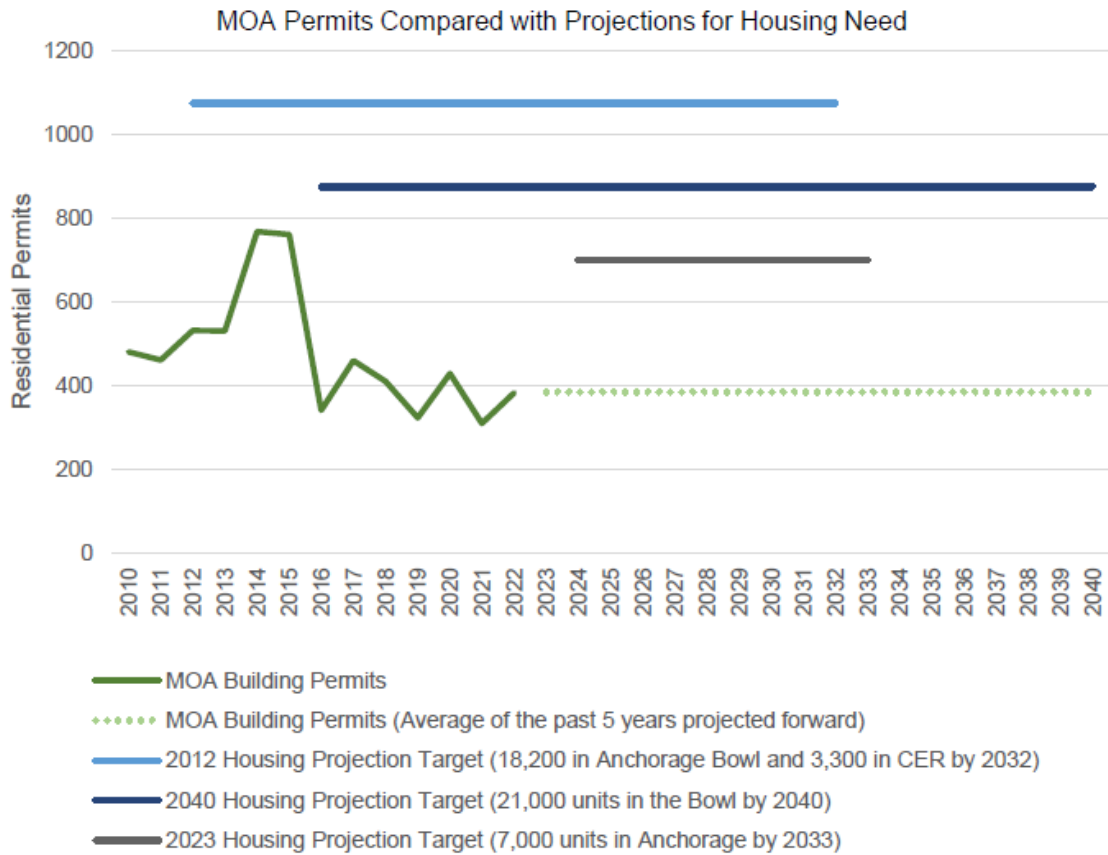
The more restrictive version of the code ultimately was chosen, resulting in a significant, measurable drop in multi-family development: a 2023 report by the Planning Department documented the “bump” in building permits in 2014 and 2015 (Figure 2), the last years the “old” Title 21 code was still in use: developers had the choice to initiate projects under “old” or “new” code until December 31, 2015, and most opted for the old code.<sup>3</sup>

Figure 2. Permit Versus Projected Housing Need for Unit Production, 2010-2040<sup>4</sup>

<sup>3</sup> Bunnell, Kristine and McKenna-Foster, D., “Housing White Paper May 2023,” MOA Planning Dept., p. 8 (2023), (showing an annual breakdown of 6,214 permits for new residential construction issued since 2010, into three categories: single-family, duplex, and multifamily residential permits). See [https://www.muni.org/Departments/Assembly/SiteAssets/Pages/FOCUS-Housing/Housing%20White%20Paper\\_May%202023.pdf](https://www.muni.org/Departments/Assembly/SiteAssets/Pages/FOCUS-Housing/Housing%20White%20Paper_May%202023.pdf) , accessed October 17, 2024. Numbers for duplex/two-family residential permits issued was not available. The total of 6,193 permits for new residential construction (including duplexes) in a 12-year span from 2010-2022 illustrates the level of development activity, and not an accurate count of the number of housing units built, per project and in total.

<sup>4</sup> *Id.*, Planning Department, “Housing White Paper: Housing Preference & Demand, How Do We Get There?” May 2023.

**Anchorage Permits Compared with Past Projections**



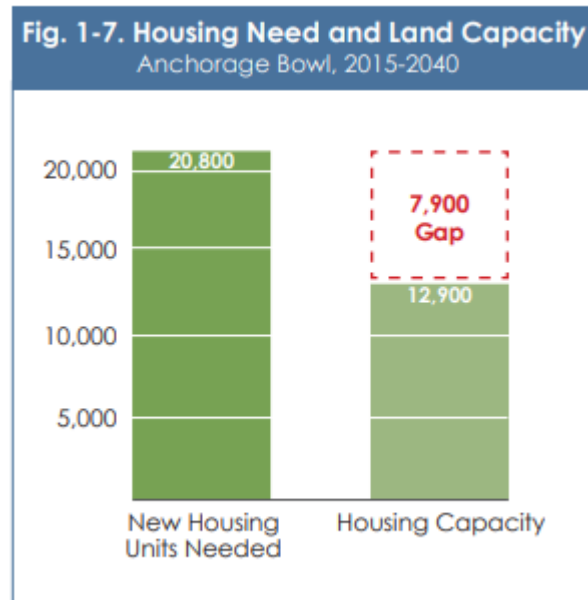
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While multiple factors have contributed to the significant decline in permit and construction activity in the Municipality in the last 10 years, adopting prescriptive design standards has made multifamily development in the Municipality more costly, because it takes multiple rounds of review, and revising plans, to adhere to the exact specifications of the standards in code, especially when dealing with real-world sites that pose design challenges (slope and grade, existing features, and right of way access points). Developers who work primarily on multifamily projects have also reported that while the standards are intended to make building facades more varied, in reality these standards force buildings to be repetitive and monotonous, because there are so few ways that a façade can comply with these rules. Strict design rules actually limit the creation of diverse and aesthetically pleasing housing to enhance neighborhood character, contrary to the plan’s goals.

**2040 Land Use Plan and Housing Capacity Gap**

The Anchorage 2040 Land Use Plan (LUP) includes several goals and actions to alleviate obstacles and streamline development permitting. No single strategy, including this ordinance, are enough to enable housing development in the MOA to catch up to the gap between projected housing units needed in the future, and the actual annual trend of new units constructed. But revisiting and pressing “pause” on strict design standards is a big step toward more housing. The LUP, with data collected 9 years ago and adopted in 2017, identified the need for 21,000 new

1 housing units to meet population growth, requiring approximately 840 to be built  
2 annually.<sup>5</sup> The plan also identified the fact that the current zoning code, measured  
3 through land capacity (the number of units that can be built in residential districts),  
4 did not allow for construction of the number of units needed, with a deficit of 7,900  
5 units short of the projected need. More action is needed to re-connect the goals and  
6 objectives of the community's 2020 Comprehensive Plan and 2040 Land Use Plan,  
7 with revisiting and revising the flaws in the code adopted through the Title 21  
8 Rewrite.



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11 ***Applicability of Design Standards and Proposed Moratorium***

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13 *Types of Development:* The residential design standards in AMC section 21.07.110.  
14 only apply to residential developments, not to other types of development such as  
15 retail storefronts, office buildings, or industrial properties. The moratorium is only of  
16 Subsection 21.07.110C. and will only affect attached multifamily housing projects,  
17 including the residential portion of a mixed-use structure: apartments, townhouses,  
18 and condominiums.

19  
20 *Existing Properties:* This ordinance also impacts existing buildings, if they intend to  
21 make improvements: because Title 21 requires most properties that apply for a  
22 permit for improvements, whether they include an addition, exterior modifications,  
23 or changes of use, generally move towards conformity with current zoning code.  
24 Developments built before 2014 for which an application for a modification or  
25 addition is submitted are also subject to these rules, even if properties were built  
26 decades ago. Bringing a property into legal conformity, or spending an additional  
27 10% of a total project cost to move towards conformity, adds significant time and

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<sup>5</sup> Anchorage 2040 Land Use Plan, Municipality of Anchorage, p. 10-11, located at <https://www.muni.org/Departments/OCPD/Planning/Publications/Pages/Anchorage2040LandUsePlan.aspx> (accessed October 17, 2024).

1 cost to the approval process, and may require seeking a nonconforming  
2 determination or variance(s) before even a modest project, like building a new  
3 accessory dwelling unit in the backyard of a home originally built in the 1970s, is  
4 approved and permitted to move forward.

5  
6 A recent ordinance, AO 2023-30, responded to challenges faced by an affordable  
7 housing organization that was attempting to convert multiple hotel buildings into  
8 apartments, by exempting existing buildings undergoing conversion to multifamily  
9 housing from AMC subsection 21.07.110C. This proposed ordinance, by  
10 suspending design standards for all multifamily projects, not only catalyzes new  
11 construction, but also directly encourages reuse of—and improvements to—existing  
12 buildings. It is unknown to the sponsors how many existing apartments,  
13 townhouses, and condominiums built prior to adoption of the Title 21 Rewrite, would  
14 seek to make improvements. For any owner who submits a completed application  
15 during the moratorium, and secures permits based on those submitted plans, it will  
16 be easier to do so.

17  
18 *Project Lifecycle:* While the moratorium is crafted to be temporary, it is important  
19 that developers have certainty in which version of the rules applies to their project.  
20 The ordinance sets multiple “triggers” by which a project applicant can secure  
21 entitlements under Title 21 at the time of the moratorium; these would persist  
22 throughout the life of the project’s permits, and ensure that the project, if already  
23 permitted, does not need to completely redo its design if the moratorium ends before  
24 it is built. Projects built during this period should also retain nonconforming rights in  
25 regard to AMC subsection 21.07.110C., meaning they are considered previously  
26 conforming based on the rules that existed at the time the project was permitted and  
27 built.

28  
29 *Geographic Areas:* The Chugiak-Eagle River area has not adopted design  
30 standards specific to residential multifamily developments in its separate zoning  
31 chapter (AMC 21.10). However, design standards in Chapter 21.07 still apply: AMC  
32 subsection 21.10.070A. directs that “Unless otherwise provided the provisions  
33 of Chapter 21.07 apply in the Chugiak-Eagle River area.” The moratorium proposed  
34 in this ordinance would also apply to that area.

35  
36 Both Downtown and Girdwood are excluded from AMC section 21.07.110, and each  
37 have their own zoning code chapters. Downtown has separately-defined design  
38 standards, and its code chapter was recently updated in 2023, with several revisions  
39 to make the code simpler and less prescriptive; these recent changes should  
40 themselves be tested with new projects before being substantially modified again,  
41 so Downtown is not affected by this ordinance. Girdwood has separate design  
42 standards for multifamily and townhouse developments in AMC subsection  
43 21.09.080E., and is not affected by this ordinance’s moratorium.

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45 **We request your support for the ordinance.**

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47 Prepared by: Assembly Counsel’s Office  
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Respectfully submitted: Meg Zaletel, Assembly Vice Chair  
District 4 – Midtown Anchorage

Anna Brawley, Assembly Member  
District 3 – West Anchorage